

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

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### FILER

#### **FelCor Lodging Trust Inc**

CIK: **923603** | IRS No.: **752541756** | State of Incorpor.: **MD** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-14236** | Film No.: **05791905**  
SIC: **6798** Real estate investment trusts

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 26, 2005  
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FelCor Lodging Trust Incorporated  
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(Exact name of registrant as specified in its charter)

Maryland

001-14236

75-2541756  
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(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

545 E. John Carpenter Frwy., Suite 1300  
Irving, Texas

75062  
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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(972) 444-4900  
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(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Section 1 - Registrant's Business and Operations

### Item 1.01 Entry into a Material Definitive Agreement.

On April 26, 2005, the Compensation Committee, or Committee, of the Board of Directors of FelCor Lodging Trust Incorporated, or the Company, established the performance goals for 2005 cash bonus compensation to the executive officers and other employees of the Company. The 2005 performance criteria are based upon corporate and individual objectives. For the corporate objective, the Company must achieve specific levels of Funds From Operations, or FFO, per share. A summary of the performance criteria for 2005 is attached as an exhibit to this Current Report as Exhibit 10.32 and is incorporated herein by reference.

Also on April 26, 2005, the Committee awarded the Company's executive officers and other employees, from one or more of the Company's Restricted Stock and Stock Option Plans, a grant of shares of restricted common stock of the Company. For executive officers, these shares were awarded based on a percentage of the base compensation of the executive officer (200% for the chief executive officer, 100% for executive vice presidents, and 80% for senior vice presidents), divided by the closing sales price of the Company's common stock on April 26, 2005, the Grant Date, rounded up or down to the nearest 1,000 shares. Under the terms of the restricted stock grant contracts, each grant of restricted shares will be subject to both time-based and performance-based vesting criteria, as described below:

**Time-Based Criteria.** The restricted shares granted to each executive officer will vest on the fourth anniversary of the Grant Date, subject to the executive remaining as an employee of the Company in good standing on that anniversary. One-half of the restricted shares granted to each executive officer will be subject only to these time-based criteria and are referred to as Time-Based Shares.

**Performance-Based Criteria.** The other one-half of the restricted shares granted to each executive officer will be subject to specified performance-based criteria, in addition to the time-based criteria set forth above, which will permit the acceleration of the vesting of these shares. These shares are referred to as Performance-Based Shares. The Performance-Based Shares will vest on each anniversary of the Grant Date at the rate of 25% of the Performance-Based Shares granted, subject to the satisfaction of the applicable performance-based criteria. For 2005, and on or before each anniversary of the Grant Date, the Committee will adopt performance-based criteria, or Performance Criteria, to be applicable for that calendar year. The Performance Criteria will be determined from year-to-year in the sole discretion of the Committee. Following the completion of a calendar year, the Committee will measure the Company's performance for that year against the applicable Performance Criteria, and will determine the percentage of Performance-Based Shares for that year that

will vest based upon the Company's satisfaction of the Performance Criteria. Any Performance-Based Shares that do not vest as a result of the Company's failure to meet the Performance Criteria, in whole or in part, will not be forfeited but will continue to be outstanding and unvested Performance-Based Shares, which will be subject to cliff vesting, as described below.

For 2005, the Committee adopted Performance Criteria based on the achievement by the Company of a minimum level of growth in FFO per share, and a minimum level of growth in total return to common shareholders, including appreciation and dividends. Each of the objectives is weighted equally. In measuring the Company's performance against these Performance Criteria, the Committee will review each of these measures independently.

Cliff Vesting of Performance-Based Shares. Any Performance-Based Shares that fail to vest may still vest if, at the end of the four-year vesting period, the Company satisfies separate performance criteria established by the Compensation Committee. For Performance-Based Shares awarded in 2005, the Committee established criteria based upon the achievement of a cumulative, compounded total return to common shareholders over the four-year vesting period. If the Company achieves this objective, any 2005 Performance-Based Shares that had not vested, as a result of the failure to satisfy any Performance Criteria, will vest on the fourth anniversary of the Grant Date. If the Company fails to achieve this objective, then those unvested shares will be forfeited and the executive will have no further rights to those shares (including the right to vote those shares or to receive dividends).

Unless and until restricted shares are forfeited at the end of the four-year vesting period, the executive has the right, under the restricted stock grant contract, to vote and receive dividends on the restricted shares. The form of restricted stock grant contract used for the foregoing grants of restricted common stock to executive officers is attached to this Current Report as Exhibit 10.33 and is incorporated herein by reference.

## Section 2 - Financial Information

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On April 27, 2005, Grande Palms, L.L.C., an indirect, wholly-owned subsidiary of FelCor Lodging Limited Partnership, or the Partnership, entered into a construction loan agreement under which Grande Palms, L.L.C. may borrow up to \$69,800,000 from a group of lenders represented by Bank of America, N.A. Payment of the loan is guaranteed by the Partnership, for which the Company acts as the sole general partner. The proceeds of the loan will be used to construct a twenty-four story, 184-unit condominium tower project and related amenities to be known as "Grande Palms at Kingston Shores," and a separate parking garage, on certain beachfront property owned by Grande Palms, L.L.C. in Myrtle Beach, South

Carolina. The applicable interest rate on the loan is currently LIBOR plus 2.55% and will be reduced to LIBOR plus 2% as soon as the project is 55% complete. Completion of construction of the project is scheduled for Spring of 2007, at which time the separate parking garage, subject to certain easement rights of the condominium unit owners, will be transferred to the Partnership and operated as part of its Myrtle Beach Hilton hotel. The loan will be repaid from the proceeds of the sales of condominium units, and must be fully repaid 30 months after the date of closing. No amounts have been drawn under this loan. Drawings under the loan will be subject to delivery of signed unit purchase contracts in the aggregate amount of at least \$76 million within 90 days of the date of execution of the loan agreement.

## Section 9 - Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

Not applicable.

(b) Pro forma financial information.

Not applicable.

(c) Exhibits.

The following exhibits are furnished in accordance with the provisions of Item 601 of Regulation S-K:

Exhibit Number	Description of Exhibit
10.32	Summary of 2005 Performance Criteria for Annual Incentive Bonus Award Program.
10.33	Form of Employee Stock Grant Contract under Restricted Stock and Stock Option Plans of FelCor applicable to 2005 Grants.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 2, 2005

By: /s/ Lawrence D. Robinson  
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Name: Lawrence D. Robinson  
Title: Executive Vice President,  
General Counsel and  
Secretary

INDEX TO EXHIBITS

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Summary of 2005 Performance Criteria for Annual Incentive Bonus Award Program.

On April 26, 2005, the Compensation Committee, or Committee, of the Board of Directors of FelCor Lodging Trust Incorporated, or the Company, established the performance goals for 2005 cash bonus compensation to the executive officers and other employees of the Company. The 2005 performance criteria are based upon corporate and individual objectives, as follows:

Corporate:. The Company must achieve specific levels of Funds From Operations, or FFO, per share.

Individual: Individual business objectives are established for each officer based upon departmental or business unit measures.

The corporate objective was set with three separate levels: a threshold level, a target level and a stretch level. Executive officers are eligible for annual bonuses based on performance at these levels in an aggregate amount as determined by a percentage of base salary, generally at the range of up to 20% for achievement at the threshold level, up to 50% at the target level, and up to 80% at the stretch level. If the Company is successful in achieving the specified levels, then the Committee will review the performance of each executive officer in meeting the officer's individual business objectives to determine the actual cash bonus compensation earned by that executive officer.

EMPLOYEE STOCK GRANT CONTRACT  
UNDER THE  
FELCOR LODGING TRUST INCORPORATED  
[AMENDED AND RESTATED]  
RESTRICTED STOCK AND STOCK OPTION PLAN

This Contract is made and entered into on , , but effective as of the day of , between FelCor Lodging Trust Incorporated, a Maryland corporation (the "Company"), and (the "Grantee").

W I T N E S S E T H :  
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WHEREAS, the Compensation Committee and Board of Directors of the Company has adopted the FelCor Lodging Trust Incorporated \_\_\_\_\_ Restricted Stock and Stock Option Plan (the "Plan"); and

WHEREAS, the stockholders of the Company have approved the Plan; and

WHEREAS, pursuant to the Plan, the Compensation Committee of the Board of Directors of the Company (the "Committee") has selected the Grantee and has authorized the Company to grant to the Grantee shares of common stock of the Company ("Common Stock") on the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1) Incorporation of the Plan. A copy of the Plan, as amended, is attached hereto and hereby incorporated herein by reference, and all of the terms, conditions and provisions contained therein shall be deemed to be terms, conditions and provisions of this Contract. All terms used herein that are defined in the Plan shall have the meanings given them in the Plan.

2) Grant of Restricted Stock. Pursuant to the authorization of the Committee, and subject to the terms, conditions and provisions contained in the Plan and this Contract, the Company hereby grants to the Grantee, as a matter of separate inducement and agreement in connection with his employment, but not in lieu of any salary or other compensation for his services, an aggregate of ( ) shares of Common Stock of the Company (the "Restricted Stock"). The Restricted Stock shall be deemed to have been granted, and the Date of Grant of the Restricted Stock shall be, .

3) Period of Restriction; Vesting. The Restricted Stock granted pursuant hereto shall be issued and registered in the name of the Grantee and the Grantee shall be entitled to vote the same (in person or by proxy) and to receive all dividends and other distributions thereon unless and until such Restricted Stock is forfeited as hereinafter provided. During the period prior to the date the Restricted Stock granted pursuant hereto becomes vested in the Grantee (the "Restricted Period"), the Company shall hold the certificate(s) evidencing such unvested Restricted Stock, together with stock powers or other instruments of transfer appropriately endorsed in blank by the Grantee (and the Grantee hereby agrees to execute and deliver such stock powers or other instruments of transfer as requested by the Company), as custodian for the Grantee. At such time, and from time to time, as shares of Restricted Stock become vested in the Grantee and all obligations of the Grantee hereunder and under the Plan with respect thereto shall have been fulfilled, the restrictions set forth in Section 4 hereof and all forfeiture provisions set forth herein or in the Plan shall cease to be applicable to such Restricted Stock and the certificate(s) therefor shall be delivered by the Company to the Grantee.

The Restricted Stock granted pursuant hereto, until the same becomes vested as herein provided, shall be subject to certain restrictions and to forfeiture upon the occurrence of certain events, all as set forth in Section 4 hereof. The Restricted Stock granted hereby shall become vested in the Grantee, as follows:

(a) Time-Based Criteria. The Restricted Stock granted hereby shall vest on the fourth anniversary of the Date of Grant, subject to the Grantee remaining as an employee of the Company in good standing on that anniversary. One-half of the shares of Restricted Stock granted hereby shall be subject only to these time-based criteria without regard to any performance-based criteria.

(b) Performance-Based Criteria. The remaining one-half of the number of shares of the Restricted Stock are eligible for accelerated vesting on each anniversary of the Date of Grant (each, a "Vesting Date"), as set forth below, based upon the satisfaction of the performance-based criteria established by the Committee in advance of and for each such Vesting Date.

Number of Shares Eligible to Become Vested	Vesting Date
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Attached hereto, as an addendum, is a statement of the performance-based criteria adopted by the Committee that will be applicable to the first Vesting Date. At least twelve months prior to each subsequent Vesting Date, the Committee, in the exercise of its sole discretion, shall adopt a statement of the performance-based criteria that will be applicable to that Vesting Date, a

copy of which statement will be furnished to each party hereto and, upon delivery, shall become a part of this contract. In setting performance-based criteria for any Vesting Date subsequent to the first Vesting Date, the Committee shall have the unrestricted right to vary any or all components of, to add or delete components of, or otherwise modify the performance-based criteria in its sole discretion.

Within the three-month period immediately preceding each Vesting Date, the Committee will compare the performance-based criteria applicable to that Vesting Date against the achieved results and determine the number of shares eligible to become vested on that Vesting Date that will become so vested as of that date. The determination of the Committee as to the number of shares to vest at each such Vesting Date shall be conclusive upon all parties hereto and shall be communicated to the Grantee on or prior to such Vesting Date.

(c) Cliff Vesting for Performance Based Shares. Any shares of the Restricted Stock that fail to vest as the result of the failure to satisfy the performance criteria pursuant to subsection (b) above may still vest if, at the end of the four-year vesting period, the Company can satisfy separate performance criteria established by the Compensation Committee. Attached hereto, as an addendum, is a statement of the performance-based criteria adopted by the Committee that will be applicable to any shares of Restricted Stock that fail to vest on the first Vesting Date. At least twelve months prior to each subsequent Vesting Date, the Committee, in the exercise of its sole discretion, shall adopt a statement of the alternative performance-based criteria that will be applicable to any shares that fail to vest on that Vesting Date, a copy of which statement will be furnished to each party hereto and, upon delivery, shall become a part of this contract. In setting alternative performance-based criteria for shares that fail to vest on any Vesting Date subsequent to the first Vesting Date, the Committee shall have the unrestricted right to vary any or all components of, to add or delete components of, or otherwise modify the performance-based criteria in its sole discretion. If the Company achieves the alternative performance-based criteria at the end of the four-year vesting period, any shares of Restricted Stock that had not vested as a result of the failure to satisfy any performance-based criteria for the corresponding Vesting Date, will vest on the fourth anniversary of the Date of Grant. If the Company fails to achieve this objective, then those unvested shares will be forfeited on the fourth anniversary of the Date of Grant.

4) Restrictions. During the Restricted Period applicable to any Restricted Stock granted hereunder:

(a) The Grantee shall not become vested as to any such Restricted Stock if, (i) after taking into account for calculation purposes all of such Grantee's "applicable employee remuneration" other than under the Plan, the vesting of such Restricted Stock would cause the Grantee's "applicable employee remuneration" to exceed \$1,000,000 for such taxable year or (ii) the vesting thereof would violate Federal or state securities laws;

(b) The Restricted Stock and the right to vote the same and to receive dividends thereon may not, except as otherwise provided in the Plan, be sold, assigned, transferred, exchanged, pledged, hypothecated, or otherwise encumbered, and no such sale, assignment, transfer, exchange, pledge, hypothecation, or encumbrance, whether made or created by voluntary act of the Grantee or by operation of law, shall be recognized by, or be binding upon, or shall in any manner affect the rights of the Company pursuant hereto or the Plan; provided, however, that Grantee may at any time transfer the Restricted Stock to the FelCor Lodging Trust Incorporated 2005 Non-Qualified Deferred Compensation Plan, subject to all of the terms and restrictions set forth herein.

(c) If the status of the Grantee as an Employee under the Plan shall terminate for any reason other than (i) the death of the Grantee, (ii) the Disability (as defined in the Plan) of the Grantee, or (iii) the retirement of the Grantee at or after the age of sixty (60), then, in that event, any Restricted Shares outstanding shall, upon such termination, be forfeited by the Grantee to the Company, without the payment of any consideration by the Company, and neither the Grantee nor any of his or her successors, heirs, assigns, or legal representatives shall thereafter have any further rights or interest in the Restricted Stock so forfeited or any certificates evidencing the same, and the Company shall, at any time thereafter, be entitled to effect the transfer of any Restricted Stock so forfeited into the name of the Company;

(d) If the status of the Grantee as an Employee under the Plan shall terminate by reason of the death of the Grantee, the Disability of the Grantee or the retirement of the Grantee at or after the age of sixty (60), the Restricted Period (and all restrictions set forth in this Section 4) with respect to all Restricted Stock granted hereby shall be deemed to have expired as of the date of such event;

(e) If the Company (i) is not to be the surviving entity in any merger or consolidation (or survives only as a subsidiary of another entity), (ii) sells all or substantially all of its assets to any other person or entity (other than a subsidiary of the Company) or (iii) is to be dissolved and liquidated, the Restricted Period (and all restrictions set forth in this Section 4) with respect to all Restricted Stock granted hereby shall be deemed to have expired as of the date of next preceding such event;

(f) Any shares of Restricted Stock eligible to become vested that do not become so vested in accordance with Section 3(c) above shall be forfeited as of the fourth anniversary of the Date of Grant and returned to the status of authorized but unissued shares under the Plan; and

(g) If a dispute should arise between the Company and the Grantee relating to the rights, duties or obligations of the Grantee hereunder or under the Plan with respect to any Restricted Stock granted hereby, such dispute shall be

resolved by the determination of the Committee, acting in good faith, which determination shall be final and binding upon the Company and the Grantee, and pending such a determination and the resolution of all such disputes to the reasonable satisfaction of the Committee, (i) all Restricted Stock then held by the Company as custodian for the Grantee shall remain in the possession of the Company and subject to all of the Restrictions set forth in this Section 4, regardless of any intervening expiration of the Restricted Period, and (ii) any and all dividends payable upon any Restricted Stock so held by the Company as custodian for the Grantee shall be received and held by the Company as custodian until all such disputes have been resolved to the reasonable satisfaction of the Committee, at which time the accumulated dividends then held by the Company shall be delivered (without interest thereon) to the person entitled to receive the Restricted Stock upon which such dividends were originally paid.

5) Restrictions on Resale of Company Common Stock. In the event that shares of Restricted Stock granted hereunder have not been registered under the Securities Act of 1933, as amended, and applicable state securities laws, such shares of Restricted Stock may not be sold, transferred or assigned by the Grantee absent such registration, unless an opinion of counsel satisfactory to the Company shall have been received by the Company to the effect that such sale, transfer or assignment will not be in violation of the Securities Act of 1933, as amended, and the rules and regulations thereunder, or applicable state securities laws. Any certificate issued to the Grantee to evidence Restricted Stock granted pursuant hereto that is not so registered may bear a legend to the foregoing effect.

6) Notices. All notices, surrenders and other communications required or allowed to be made or given in connection with the Restricted Stock granted hereunder shall be in writing, shall be effective when received and shall be hand delivered or sent by registered or certified mail (i) if to the Company, to FelCor Lodging Trust Incorporated, 545 E. John Carpenter Frwy., Suite 1300, Irving, Texas 75062, Attention: General Counsel; or (ii) if to the Grantee, to the Grantee at the address set forth beneath his signature hereto, or to such other address as to which he may have notified the Company pursuant to this Section.

7) Binding Effect. This Contract shall bind and, except as specifically provided in the Plan and this Contract, shall inure to the benefit of, the respective Successors, heirs, legal representatives and assigns of the parties hereto.

8) Governing Law. This Contract and the rights of all persons claiming hereunder shall be construed and determined in accordance with the laws of the State of Maryland.

IN WITNESS WHEREOF, the Company has caused this Contract to be executed by its duly authorized officer and the Grantee has hereunto set his hand, as of the day and year first written above.

COMPANY:

FELCOR LODGING TRUST INCORPORATED

By: \_\_\_\_\_

Thomas J. Corcoran, Jr.  
President and CEO

GRANTEE:

Name:

Address:

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ADDENDUM TO EMPLOYEE STOCK GRANT CONTRACT DATED \_\_\_\_\_, 200\_,  
BETWEEN FELCOR LODGING TRUST INCORPORATED AND GRANTEE, APPLICABLE  
TO THE VESTING DATE  
OF [\_\_\_\_\_]

[This addendum shall set forth a statement of the performance-based criteria adopted by the Compensation Committee that will be applicable to the initial Vesting Date, and a separate statement of the performance-based criteria adopted by the Compensation Committee that will be applicable to the cliff vesting on any previously unvested shares on the final Vesting Date.]

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